

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 5, 2005**

**TO:** Honorable Geanie Morrison, Chair, House Committee on Higher Education

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB981** by Van Arsdale (Relating to the ability of state-supported college or university football teams to participate in post-regular-season competition.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB981, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>INSTITUTIONAL FUNDS</i>
2006	(\$5,280,000)
2007	(\$5,280,000)
2008	(\$5,280,000)
2009	(\$5,280,000)
2010	(\$5,280,000)

**Fiscal Analysis**

The bill adds a new provision to the Education Code prohibiting any state-supported university in Texas from participating in post-season football competition, unless the games are part of a national championship playoff system consisting of at least 16 teams. This prohibition would take effect only if four other states pass a similar law by December 1, 2005.

**Methodology**

This fiscal analysis only assumes the loss of institutional revenue associated with the Big 12 Conference Bowl. Three Texas state universities, University of Texas at Austin, Texas A&M University and Texas Tech University are in the Big 12 Conference. The Big 12 Conference distributes bowl revenue equally to its twelve member institutions after the institutions that participate in specific bowls receive their participation allowances to cover the expenses associated with team and band travel, team and band lodging, team and band food, etc. These bowl revenue distributions are budgeted annually for operations of the university's athletic departments. Each university's share of the

Big 12 Conference bowl net revenue distributions for the 2003 - 2004 fiscal year was \$1.62 million. The share for the 2004 - 2005 fiscal year was \$1.76 million. As a result, the revenue loss for the three universities would be \$5,280,000 each year. By prohibiting the three Texas public Big 12 institutions from participating in post-season competition as currently structured, the Big 12 Conference probably would lose some or all of its contracted post-season bowl game arrangements as well as its position in the Bowl Championship Series.

### **Local Government Impact**

There are currently twenty-eight (28) bowls, five of which are played in the state of Texas: the Alamo Bowl in San Antonio; the Cotton Bowl in Dallas, the Fort Worth Bowl, The Houston Bowl, and the Sun Bowl in El Paso. These annual bowls generate millions of dollars of revenue for the Texas host cities and as there is no guaranty any of these cities would be host to a playoff game, the fiscal impact could be significant.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 733 Texas Tech University, 758 Board of Regents, Texas State University System Central Office, 783 University of Houston System Administration

**LBB Staff:** JOB, CT, RT, GO